



# Energy Efficiency Action Plan Fact Sheet



The U.S. Department of Energy and the U.S. Environmental Protection Agency (EPA) together with about 50 leading electric and gas utilities, state utility commissioners, state air and energy agencies, energy service providers, energy consumers, and energy efficiency and consumer advocates have formed a Leadership Group to drive an aggressive new national commitment to energy efficiency by electric and natural gas utilities and partner organizations in the United States through a new Energy Efficiency Action Plan.

The Leadership Group is co-chaired by Diane Munns, Member of the Iowa Utilities Board and President of the Natural Association Regulatory Utility Commissioners, and Jim Rogers, Chairman and Chief Executive Officer of Cinergy.

Through the Energy Efficiency Action Plan, leaders will identify key barriers limiting greater utility investment in energy efficiency and develop and document sound business practices for removing these barriers and improving the acceptance and use of energy efficiency relative to energy supply options. Upon completion of the Action Plan, leaders will pursue these business practices through their business channels, as appropriate, and will assist in the dissemination of these business practices to key audiences.

## **Expected Outcomes**

The Energy Efficiency Action Plan will document a set of business cases, best practices, and recommendations that are designed to spur greater investment in energy efficiency by utilities and energy end-users within the next five years. Members of the Energy Efficiency Action Plan Leadership Group will also commit to take action within their own spheres of influence in the near term, as well as participate in a broader communications strategy to share business cases and create additional leadership opportunities during the summer of 2006.

## **Leadership Group**

The Leadership Group of the Energy Efficiency Action Plan will convene on December 2 in Washington D.C. to confirm priorities and finalize their approach to the Energy Efficiency Action Plan. Leadership Group consists of a diverse group of members spanning the regulatory and utility arenas, including private and public electric and gas utilities, state agencies, energy consumers, energy service providers, and environmental/energy efficiency organizations.

## Background

Energy efficiency is an important part of a clean, reliable, and low-cost energy system. Greater investment in cost-effective energy efficiency can reduce natural gas demand, stabilize energy prices, enhance electric system reliability, and reduce air emissions from power plants. States with significant investments in energy efficiency are showing that:

- There is significant cost-effective potential for energy efficiency to help meet electricity and natural gas demand;
- Significant savings are being achieved through well-designed programs and policies;
- Energy efficiency can be cost-competitive with new supply to meet growing electricity demand, often delivering savings at a cost of 2 to 4 cents per kilowatt-hour;
- Energy efficiency is a cost-effective strategy to reduce demand for the direct use of natural gas across key customer classes;
- Energy efficiency can be targeted to reduce peak demand, leading to significant cost savings and natural gas savings at a time when supply is constrained; and
- Energy efficiency can reduce electricity demand in transmission-constrained areas, deferring investments for transmission upgrades.

However, energy efficiency remains a critically underutilized resource in the nation's energy portfolio. Many hurdles prevent broader investments in cost-effective energy efficiency and the use of energy efficiency as a resource in energy system planning. Frequently identified barriers include:

- Utility incentive structures that link utilities' financial health to energy sales;
- Lack of standard methods for incorporating energy efficiency resources as part of resource planning efforts that allow efficiency to compete with new supply and transmission;
- Lack of information on the costs, benefits and effective approaches — “best practice” programs — for securing energy efficiency savings across key customer classes such as residential, commercial, industrial, low-income, and small business; and
- Energy rates that do not reflect the full costs of providing energy.

## Proposed Working Groups

Working groups are expected to develop business cases for overcoming these barriers and make recommendations for action. Currently envisioned working groups include:

- Energy Efficiency Program Best Practices working group to identify the Best Practices in energy efficiency programs;
- Utility Ratemaking and Revenue Requirements working group to address successful strategies for removing disincentives to greater investment in energy efficiency across various utility and market structures;
- Planning Processes working group to evaluate the planning processes used by utilities to determine the particular planning approaches and key metrics for greater integration of energy efficiency resources into the planning process; and
- Rate Design working group to collect information on existing rate designs used to promote energy efficiency and recommend those strategies that most effectively motivate customers to save energy.

## Quotes

"Given the interrelationship between price, reliability and environmental impact of our energy resource decisions, I am honored to be part of this process which encourages regulators to take a fresh look at cost-effective energy efficiency resources as a means to provide necessary utility services to the customer today and in the future," said co-chair Munns.

"Like Cinergy, many utilities are looking to energy efficiency to balance high demand growth with corporate goals for reduced environmental impact and costs," notes Co-Chair Rogers. "We are pleased to be part of this national leadership to advance the business case for energy efficiency."

"Improving energy efficiency is not just a responsibility that falls to consumers, but the private sector and the government too," Energy Secretary Samuel W. Bodman said. "By working together and sharing the best information and efficiency technologies, all Americans will benefit from an increased energy supply, and hopefully, lower costs."

"Innovative efforts in energy efficiency are proving that environmental progress and economic development can, in fact, advance hand-in-hand," said EPA Administrator Stephen L. Johnson. "While meeting President Bush's call to conserve, EPA and our partners are working to address our nation's growing energy demand in a way that supports our goals for a clean environment, a healthy economy, and lower energy costs."

## Leadership Group Members and Observers

Alliance to Save Energy  
American Council for an Energy-Efficient Economy  
American Electric Power  
American Gas Association  
American Public Power Association  
Austin Energy  
Baltimore Gas and Electric  
Bonneville Power Administration  
California Energy Commission  
California Public Utilities Commission  
Cinergy  
Connecticut Consumer Counsel  
Connecticut Department of Environmental Protection  
Connecticut Department of Public Utility Control  
District of Columbia Public Service Commission  
Edison Electric Institute  
Entergy Corporation  
Exelon  
Food Lion  
Iowa Utilities Board  
ISO New England Inc.  
Johnson Controls  
Maine Public Advocate Office  
Minnesota Public Utilities Commission  
National Association of Energy Service Companies  
National Association of Regulatory Utility Commissioners

National Association of State Energy Officials  
National Energy Assistance Directors' Association  
National Rural Electric Cooperative Association  
Natural Resources Defense Council  
New Jersey Board of Public Utilities  
New Jersey Natural Gas  
New York Power Authority  
North American Insulation Manufacturers Association  
North Carolina Air Office  
North Carolina Energy Office  
Office of the Ohio Consumers' Counsel  
Pacific Gas & Electric  
PJM Interconnection  
PNM Resources  
Sacramento Municipal Utility District  
Santee Cooper  
Seattle City Light  
Servidyne Systems, LLC  
Southern California Edison  
Southern Company  
Texas State Energy Conservation Office  
The Dow Chemical Company  
USAA Realty Company  
Vermont Energy Investment Corporation  
Washington Utilities and Transportation Commission  
Xcel Energy

## Co-Sponsors

### The U.S. Department of Energy

DOE, through a number of voluntary programs, works with building owners, industry, state public utility commissions, regional bodies, and state policy makers on energy efficiency technology and policies. Programs include the Electric Markets Technical Assistance Program, ENERGY STAR, Building America, Federal Energy Management Program, Weatherization, State Technical Assistance, Zero Energy Homes, and Industrial Technologies. Current program initiatives also include “Save Energy Now” and the Secretary’s “Easy Ways to Save Energy” campaign.

### The U.S. Environmental Protection Agency

EPA, through a number of voluntary programs, works with businesses, organizations, governments, and consumers to reduce emissions of the greenhouse gases that contribute to global climate change by promoting greater use of energy efficient and other cost-effective technologies. One of these voluntary programs, ENERGY STAR (operated with DOE), has helped utilities and others over the past decade to implement low-cost energy efficiency programs that deliver energy bill savings to their customers. Through 2004, with the help of ENERGY STAR, Americans have reduced national electricity demand by almost 4 percent, saving about \$10 billion annually and avoiding the greenhouse gas emissions equivalent to emissions of 20 to 40 million vehicles.\* For more information visit: <http://www.energystar.gov>

### For More Information

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Or visit [www.epa.gov/cleanenergy/eeactionplan](http://www.epa.gov/cleanenergy/eeactionplan)

\* U.S. Environmental Protection Agency, *[Protecting the Environment—Together: ENERGY STAR and Other Voluntary Programs 2004 Annual Report](#)* (2005) (PDF, 58 pp., 1,758 KB, [About PDF](#)).